

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

**Notice PL-117**

**For:** State and County Offices

**Entities With Majority Interest Holders**

**Approved by:** Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

Current regulation and operating procedure require that the majority interest holder in a corporation, limited liability company, limited partnership, limited liability partnership, or similar entity be considered one “person” with the entity. This determination of one “person” for the entity and the majority interest holder must also be recorded in the automated subsidiary files for correct, nationwide payment limitation control.

Recent audits and reviews revealed that majority interest holder and the respective entity were not entered into the automated system as a combined producer. The error condition occurred because COC either failed to correctly determine that the entity and majority interest holder are one “person” for program payment limitation purposes, or County Office personnel failed to correctly enter the person determination in the automated system.

**When this error condition is present, there are no assurances that payments are correctly limited to entities and their majority interest holders.**

**B Purpose**

This notice provides information and instruction on identifying and correcting this error condition if it is present. The completion of these activities will provide assurance that payments are correctly limited to entities described and the majority interest holders in these entities.

**Disposal Date**

January 1, 2004

4-23-03

**Distribution**

State Offices; State Offices relay to County Offices

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## **2 Requirements**

### **A “Person” Determinations**

The majority interest holder and the respective entity must be considered one “person” for payment limitation purposes according to corporation, limited liability company, limited partnership, limited liability partnership, or similar entity. See 1-PL, paragraph 313, and 7 CFR 1400.101

The required “person” determination is to be made by COC or reviewing authority and documented on CCC-503A as instructed in 1-PL, paragraphs 393 and 394.

This determination is to be recorded in the automated subsidiary files according to 2-PL, paragraphs 303 through 331.

**Note:** There are **no** exceptions authorized.

## **3 Instructions**

### **A Identifying Entities With Majority Interest Holders**

Upon installation of Software Release No. 510, queries designated ENTITY02 and ENTITY03 were added to the QRPRADJ1 Query library. These queries will identify entities with majority interest holders for 2002 and 2003, respectively.

### **B County Office Action**

County Offices shall use these queries to identify entities with a majority interest holder for the years 2002 and 2003. If necessary, take corrective actions according to subparagraph 2 A.

### **C State Office Action**

State Offices shall ensure that the County Offices follow provisions of this notice and monitor County Office actions as needed.